
Southern California Regional Strategy for Goods Movement: A Plan for Action

Southern California's trade infrastructure is a global gateway that serves the rest of the nation. In Fall 2004, Southern California experienced a bottleneck in freight movement through the San Pedro Bay ports. Ships waited days to enter the ports with goods for the holiday season bound for stores in California and beyond, and some ships diverted to other West Coast ports.

Through a combination of short-term actions, this immediate crisis is being relieved. First, the longshoremen's union has added 3,000 new hires to keep goods moving from the container ships.

Second, a new program called PierPass will collect container fees to fund extended gate hours. The addition of five new off-peak shifts will make productive use of more hours of the day. The ports are taking other actions to increase the use of rail to move goods, keeping trucks off the highways during peak traffic hours.

Third, \$2 billion in near-term construction projects are under way, including rail-highway grade crossing separations and truck climbing lanes, that will keep goods moving through the region once they leave the ports. Negotiations are occurring for the implementation of demonstration projects, such as a shuttle train that will relieve highway congestion related to goods movement.

These short-term actions are only the beginning. We will need to be, and will continue to be, vigilant over the next three to six years to make sure that these actions continue to keep the goods moving. In the meantime, the Governor and the U.S. Secretary of Transportation have the opportunity to plan for the future, when the volume of freight transportation through Southern California will double or even triple.

Our success is contingent on our ability to address four overarching issues and move ahead immediately:

1. We must address community concerns over air pollution, health impacts, and other impacts of freight movement by ship, truck, and rail. To assure this, only projects that have environmental and community clearance can be brought forward. Acceleration of both the federal and state review processes is needed to facilitate such an effort. Further, it is important that the United States Environmental Protection Agency, the California Environmental Protection Agency, and the California Air Resources Board take a leadership role in reducing air pollution from the ports and related sources. It is also important that international standards for ship emissions be imposed through U.S. ratification of MARPOL Annex VI.

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2. Goods movement projects must be funded through a variety of non-traditional means that do not compete with traditional transportation revenues. Other potential sources of funding include user or beneficiary fees, customs fees, tax credit instruments, private activity bonds, and federal loans and loan guarantees. The region has already requested over \$1 billion in federal funding for Projects of National and Regional Significance through the reauthorization of TEA-21, but this is only a small portion of the total funding needed for the regional system.
 3. Projects must be facilitated through the use of innovative procurement arrangements, such as the design-build method, that compress the project delivery timeline. Changes to state law are needed to make this process more widely applicable.
 4. In achieving these ends, the region and state must speak with one voice to the federal government. The Governor's leadership and his initiative to collaborate with the White House, Secretary of Transportation, and Congress on these issues are essential to success.

With these tools in place, Southern California can proceed to implement a variety of short- and long-term actions that will respond to the growing demand for goods movement while mitigating community impact.

By 2010, the region will need additional freight rail capacity to keep pace with goods movement demand. New intermodal facilities will also be needed to transfer goods between truck and rail. Dedicated truck lanes should be added to several area freeways to increase the speed and safety of goods moving by highway. Again, these projects must be accompanied by mitigation of local impacts – for example, through the separation of at-grade crossings and the widespread adoption of cleaner fuels. The attached map shows needed additions to the Southern California goods movement system.

Important as these investments are to the region's quality of life, they have a significant economic benefit for the region and for the state. Logistics jobs are high-paying – more on average than construction or manufacturing. Just by investing in new freight rail capacity and truck lanes, Southern California could add over 450,000 logistics-related jobs and produce over \$17.6 billion in additional federal, state, and local tax revenue by 2035. Thus, these investments can help balance the state budget. By supporting and implementing these goods movement actions, we have the opportunity to improve regional air quality and shape a more prosperous future for California.

